

JAN 21 1955.

LISTED DECEMBER 29th, 1954

3,000,000 shares without par value

Ticker abbreviation AEX

Post Section 7.5

(Mining and Oil Commission Rates will apply)

TORONTO STOCK EXCHANGE**LISTING STATEMENT****ANGLO AMERICAN EXPLORATION LTD.**

An Operating Company incorporated under the laws of the Province of Alberta on February 19, 1952.

SHARE CAPITAL WITHOUT NOMINAL OR PAR VALUE**CAPITAL SECURITIES AS AT DECEMBER 10, 1954**

	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares to be Listed
Share Capital, without nominal or par value.....	3,000,000	976,253	3,000,000

*NOTE.—Of the 3,000,000 shares to be listed, 2,023,747 shares are to be listed subject to notification of issuance.*Calgary, Alberta,
December 10, 1954.

1. ANGLO AMERICAN EXPLORATION LTD. (hereinafter referred to as the "Company") hereby makes application for listing on the Toronto Stock Exchange of 3,000,000 shares of its Share Capital without nominal or par value, of which 976,253 are issued and outstanding as fully paid and non-assessable.

2.

HISTORY

The Company was incorporated under the laws of the Province of Alberta on February 19, 1952, to engage generally and/or through subsidiaries in the business of prospecting for, acquiring and developing oil and natural gas properties in Canada and to develop other projects relating to the oil and natural gas business.

Under the terms of an agreement dated February 20, 1952, with Anglo American Oils Ltd., the Company acquired substantially all the assets of Anglo American Oils Ltd.

The consideration for the acquisition of these assets was the issuance of 750,000 shares of the Capital Stock of the Company and the discharge of liabilities of Anglo American Oils Ltd. aggregating approximately \$570,000.00. The principal assets acquired were as follows:

- (1) 1,215,960 shares of Gridoil Freehold Leases Ltd. This company holds petroleum and natural gas leases from freehold mineral owners on approximately 522,000 acres in the provinces of Saskatchewan and Manitoba. (The Company has since purchased 93,475 shares of Gridoil Freehold Leases Ltd. on the open market which gives it control of 61.62% of the outstanding stock.)
- (2) 1,893,893 shares of Canadian Williston Minerals Ltd. This Company holds an undivided one-half interest in perpetuity in the minerals (including petroleum and natural gas but excluding coal) in partnership with the registered owner of the minerals, other than coal, and an option to acquire the petroleum and natural gas leases for a 99-year term on the cancellation or termination of the existing leases on 1,200,000 acres of land in the provinces of Saskatchewan and Manitoba.
- (3) Mineral interests on approximately 238,000 acres later exchanged for 621,000 shares of Canadian Williston Minerals Ltd., which gave the company a total of 2,514,893 shares of this subsidiary or 63.43% of the outstanding shares.
- (4) All the outstanding shares of Nova Scotia Oil and Gas Co. Ltd. This company holds petroleum and natural gas licenses on approximately 1,105,000 acres in the province of Nova Scotia.
- (5) All the outstanding shares of Taber Pinhorn Oils Ltd.
- (6) All the outstanding shares of Northend Petroleums Ltd. This company receives an annual fee of \$3,000.00 for the management of Northend No. 1 well at Turner Valley.
- (7) A 1 1/4% gross royalty interest in mineral rights including an annual rental fee of \$5,000.00 from present leases in respect to approximately 50,000 acres situated in southwest Saskatchewan.
- (8) An industrial site (comprising approximately 66 acres) in the city of Calgary.

This listing statement is a copy of the listing application made by the applicant company. The Exchange has received no consideration in connection with the issue of this listing statement other than the customary listing fee. The papers and exhibits submitted by the applicant company in support of the listing application are open for inspection at the general office of the Exchange.

As of May 1, 1953, the Company purchased the net assets of the Gas and Oil Products Group of Companies. The principal assets acquired were as follows:

- (1) Working capital amounting to approximately \$1,300,000.00.
- (2) A refinery at Hartell, Alberta, with a capacity of 2,800 barrels per day.
- (3) 254 company-owned service and bulk stations, and control or working arrangements with 399 other outlets for the marketing of petroleum products in the provinces of Alberta and Saskatchewan.
- (4) Vehicles and equipment required to operate the refinery and marketing outlets.
- (5) A 40% net royalty in an oil well at Leduc, Alberta.

Since formation, the Company has embarked on a drilling and exploration program and has interests in the following wells:

	<i>Acreage</i>	<i>No. of Wells.</i>	<i>Company Interest</i>
Camrose, Alberta.....	480	4	75%
			50%
Stettler, Alberta.....	320	2	87½%
Drumheller, Alberta.....	160	1	87½%
Halkirk, Alberta.....	2,880	1 gas well	87½%
Gull Lake, Saskatchewan.....	5,120	15	45%
		17	1¼%
Crane Lake, Saskatchewan.....	5,120	45%

In order to ensure present and future office accommodation for its head office, marketing and exploration divisions, the Company purchased two adjoining buildings in Calgary which are now being renovated into an office building of the most modern design. When completed, the building will consist of seven floors and a basement with a total area of 120,000 square feet, serviced by two high-speed automatic elevators. The Company will occupy one floor, and it already has entered into a five-year lease with Trans Canada Pipelines Ltd. for four floors. When fully occupied the building will return a net income of \$250,000.00 per annum.

3. NATURE OF BUSINESS AND NUMBER OF EMPLOYEES

The general nature of the business is the exploration for oil and gas and the refining and marketing of petroleum products.

The Company owns and operates a refinery in southern Alberta with a capacity of 2,800 barrels per day, and by being the operator of a number of wells in Turner Valley, Alberta, the refinery is assured of its crude oil requirements for a number of years to come. The Company is the refiner and marketer of the well-known "Purity 99" brand of petroleum products as well as automotive accessories usually handled by service stations. It distributes its products through the following outlets:

	<i>Alberta</i>	<i>Saskatchewan</i>	<i>Total</i>
Company-owned Dealer Outlets.....	72	55	127
Company-owned Bulk Stations.....	75	45	120
Privately-owned Bulk Stations.....	47	10	57
Privately-owned Dealer Stations.....	195	120	315
Commercial and Industrial Accounts.....	81	10	91
Jobber Accounts.....	12	2	14
	<hr/>	<hr/>	<hr/>
	482	242	724

The total gallonage marketed during the eight-month period ended December 31, 1953 (since acquisition of properties on May 1, 1953) was 37,000,000.

The Company is presently selling its crude oil from its wells in Alberta and Saskatchewan at the rate of 4,500 barrels per month.

The Company employs approximately 280 persons.

4. INCORPORATION AND CAPITAL CHANGES

The Company was incorporated by Certificate of Incorporation dated February 19, 1952, under the Companies Act of the Province of Alberta, being Chapter 240 of the Revised Statutes of Alberta as amended.

The authorized capital is 3,000,000 shares without nominal or par value and there have been no changes in capitalization since incorporation.

5. NO PERSONAL LIABILITY

All the capital stock which is issued and outstanding is fully paid and non-assessable and no personal liability attaches to personal ownership.

Mr. George L. Crawford, a member of the firm of Arnold, Crawford & Prothroe, 114 Petroleum Building, Calgary, Alberta, has rendered an opinion relating to the incorporation and organization of the Company as to the validity of its shares and the fact that they are fully paid and non-assessable. A copy of this opinion is submitted in support of this listing application.

6. SHARES ISSUED DURING THE PAST TEN YEARS

<i>Class of Share</i>	<i>Date</i>	<i>Number of Shares</i>	<i>Amount Share Realized</i>	<i>Total Amount Realized</i>	<i>Purpose of Shares</i>
Share Capital	March 17, 1952	226,253	\$19.00	\$4,298,807	To provide funds to commence business.
Share Capital	March 17, 1952	750,000		See details of assets acquired under Item 2.	Issued to Anglo American Oils Ltd. for assets acquired, under an agreement dated February 20, 1952.

STOCK PROVISIONS AND VOTING POWERS

The authorized share capital of the Company consists of 3,000,000 capital stock shares without nominal or par value, of which 976,253 have been issued and paid up. Each share carries a right to one vote and ranks *pari passu* with all other shares. A quorum consists of shareholders personally present at a shareholders meeting not less than two in number and holding or representing by proxy not less than one-quarter of the share capital of the Company, provided that in the event of adjournment for lack of a quorum, a quorum not being present within half an hour from the time appointed for the adjourned meeting, the meeting, if convened upon the requisition of members, shall be dissolved. In any other case it shall set the adjournment at the same day in the next week at the same time and place and if at such adjourned meeting a quorum is not present the members present, if at least two, shall be a quorum.

At any general meeting a resolution shall, unless a poll is demanded by the Chairman or by a member or members holding or representing by proxy at least one-tenth of the shares represented at such meeting, be decided on a show of hands as determined by the declaration of the Chairman. On a show of hands, every member being the holder of shares present in person or by proxy, or representing a member, being an incorporated company, shall have one vote. On a poll, every member shall have one vote for each share of which he is the holder.

Each issued and outstanding share carries the right to such dividend as may be declared by the Board of Directors of the Company from time to time. On liquidation, each share ranks *pari passu* with every share with respect to assets available for distribution after the satisfaction of creditors. The capital stock shares do not carry pre-emptive rights to subscribe to additional issues, or other subscription rights, nor are the capital stock shares subject to any redemption or sinking fund provisions. The issued and outstanding capital stock shares are liable to no further calls nor to assessments by the Company.

DIVIDEND RECORD

No dividends have been paid to date.

RECORD OF PROPERTIES

1. REAL ESTATE:

- (a) Two adjoining buildings in downtown Calgary which the Company plans to renovate and modernize.
- (b) A 66-acre industrial site in the city of Calgary.
- (c) A 68-acre site in Gull Lake, Saskatchewan, for servicing the Gull Lake Field.
- (d) Various properties throughout the provinces of Alberta and Saskatchewan on which the refinery and company-owned service and bulk stations are erected.

2. REFINERY AND MARKETING PROPERTIES:

- (a) A refinery located in Turner Valley, Alberta, with a daily rated capacity of 2,800 barrels.
- (b) A chain of 724 owned and controlled bulk depots, service stations and commercial outlets as shown under Item (3) above.
- (c) Vehicles and equipment required to operate the refinery and marketing outlets.

3. PRODUCTION OPERATIONS:

The Company is producing approximately 4,500 barrels of crude oil from its wells and is operating wells under contract on behalf of Gridoil Freehold Leases Ltd., in the Gull Lake Field in Saskatchewan. Reworking of the wells in the Camrose Field, presently suspended, and the completion of the Gull Lake wells is now under consideration.

4. ROYALTY INTEREST:

A 1 1/4 gross royalty under some 50,000 acres in south-western Saskatchewan.

5. INVESTMENTS:

- (a) 1,309,435 or 61.62% of the outstanding shares of Gridoil Freehold Leases Ltd. This subsidiary is the beneficial owner of petroleum and natural gas leases covering some 522,000 acres checkerboarded throughout the provinces of Saskatchewan and Manitoba, within the area referred to as the Williston Basin. All the leases acquired to date are for a period of 10 years from their respective dates (the earliest lease date being 1949) and there is an annual delay rental under each lease of 10c per acre (except in respect to approximately 17,000 acres in which lease rentals range from 15c to 50c per acre).
- (b) 2,514,893 or 63.43% of the outstanding shares of Canadian Williston Minerals Ltd. This subsidiary has acquired the following freehold mineral interests on approximately 1,438,000 acres checkerboarded throughout the provinces of Saskatchewan and Manitoba.
 - (i) An undivided one-half interest in perpetuity in the minerals (including petroleum and natural gas but excluding coal) in partnership with the registered owner of the minerals other than coal, and
 - (ii) an option to acquire, on the termination of the existing lease, a petroleum and natural gas lease on the same terms as the existing lease, except that the annual delay rental shall be from 25c to 75c per acre, and the term of lease shall be 99 years.
- (c) All the outstanding shares of Nova Scotia Oil and Gas Co. Ltd. This subsidiary holds petroleum and natural gas leases on approximately 1,105,000 acres in the province of Nova Scotia.
- (d) All the outstanding shares of Northend Petroleum Ltd. This subsidiary receives an annual fee of \$3,000.00 for the management of Northend No. 1 well in Turney Valley.
- (e) All the outstanding shares of Taber Pinhorn Oils Ltd.

10.

SUBSIDIARY COMPANIES

- (a) GRIDOL FREEHOLD LEASES LTD.—Incorporated by Certificate of Incorporation dated September 21, 1950, under The Companies Act of the Province of Alberta as a public company.
Capital.—Authorized, \$270,000.00 divided into 3,000,000 shares with a par value of 9c per share.
Issued, 2,124,165 shares of which the Company owns 1,309,435 shares, or 61.62%.
- (b) CANADIAN WILLISTON MINERALS LTD.—Incorporated by Certificate of Incorporation dated August 3, 1951, under The Companies Act of the Province of Alberta as a public company.
Capital.—Authorized, \$360,000.00 divided into 6,000,000 shares with a par value of 6c per share.
Issued, 3,965,000 shares, of which the Company owns 2,514,893 shares or 63.43%.
- (c) NOVA SCOTIA OIL AND GAS COMPANY LIMITED.—Incorporated by Certificate of Incorporation dated July 19, 1944, under The Companies Act of the Province of Nova Scotia as a public company.
Capital.—Authorized, 5,000 common shares of a par value of \$1.00 each.
Issued, 5,000 shares, of which the Company owns 5,000 shares or 100%.
- (d) NORTHEND PETROLEUMS LIMITED.—Incorporated by Certificate of Incorporation dated October 14, 1941, under The Companies Act of the Province of Alberta as a private company.
Capital.—Authorized, 20,000 shares without nominal or par value.
Issued, 20,000 shares, of which the Company owns 20,000 shares or 100%.
- (e) TABER PINHORN OILS LIMITED.—Incorporated by Certificate of Incorporation dated July 18, 1944, under The Companies Act of the Province of Alberta as a private company.
Capital.—Authorized 20,000 shares without nominal or par value.
Issued, 20,000 shares, of which the Company owns 20,000 shares or 100%.

11.

FUNDED DEBT

The Company has no funded debt.

12.

OPTIONS, UNDERWRITING, ETC.

There are no outstanding options, underwritings, sale agreements or other contracts or agreements of a like nature with respect to any un-issued shares or any issued shares held for the benefit of the Company.

13.

LISTING ON OTHER STOCK EXCHANGES

The shares of the Company are not listed on any other stock exchange.

14.

STATUS UNDER SECURITIES ACT

The Company obtained an exemption ruling from the Ontario Securities Commission on April 25, 1952, with reference to 226,253 of the outstanding shares of the Company, pending listing on the Toronto Stock Exchange, which permitted the trading in these shares without the necessity of issuing a prospectus with regard thereto. The only other outstanding shares of the Company are the 750,000 shares issued to Anglo American Oils Ltd.

15.

FISCAL YEAR

The fiscal year ends 31st December each year.

16.

ANNUAL MEETING

The Annual Meeting shall be held at least once every year and not more than sixteen months after the last Annual Meeting, at such time and place as shall be determined by the Directors. The last Annual Meeting was held at Calgary, Alberta, on June 30, 1954.

17.

HEAD AND OTHER OFFICES

The Head Office of the Company is located at 326 Ninth Avenue West, Calgary, Alberta. Branch offices of the Marketing Division are located at corner 116th Street and 104th Avenue, Edmonton, Alberta, and The Bank of Montreal Building, Moose Jaw, Saskatchewan.

18.

TRANSFER AGENT

The Transfer Agent is The Prudential Trust Co. Ltd., Calgary, Alberta, who has sub-agencies and is in a position to effect transfers at Toronto and Montreal.

19.

TRANSFER FEE

The Transfer Agent charges a fee of fifty (50) cents for each share certificate issued.

20.

REGISTRAR

The Registrar is The Prudential Trust Co. Ltd., Calgary, Alberta, who has sub-agencies at Toronto and Montreal.

21.

AUDITORS

The Company's Auditors are Messrs. Price Waterhouse & Co., Chartered Accountants, 36 Canada Life Building, Calgary, Alberta.

22.

OFFICERS

The names and addresses of the officers of the Company are as follows:

Name	Address	Office Held
SAMUEL CLARENCE NICKLE	3015 Glencoe Road, Calgary, Alberta	President
WILLIAM JEFFREY	3403 Eleventh Street West, Calgary, Alberta	Vice-President
RUSSELL ALEXANDER YOUNG	1326 Frontenac Avenue, Calgary, Alberta	Secretary-Treasurer

23.

DIRECTORS

The names and addresses of the Directors of the Company are as follows:

Name	Address
SAMUEL CLARENCE NICKLE.....	3015 Glencoe Road, Calgary, Alberta.
WILLIAM JEFFREY.....	3403 Eleventh Street West, Calgary, Alberta.
ERIC CONNELLY.....	2921 Montcalm Crescent, Calgary, Alberta.
WILLIAM ANDERSON.....	10B, 7 Peter Cooper Road, New York, N.Y., U.S.A.
DONALD HAMILTON RANDELL.....	611 Berkeley Avenue, Orange, New Jersey, U.S.A.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, the applicant company hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.



ANGLO AMERICAN EXPLORATION LTD.

"WM. JEFFREY", Vice-President.

"R. A. YOUNG", Secretary-Treasurer.

STATEMENT SHOWING NUMBER OF SHAREHOLDERS Distribution of Capital Stock as of November 15th, 1954

<i>Number</i>	<i>Shares</i>
224 Holders of 1 - 100 share lots.....	11,148
23 " 101 - 200 " " ".....	4,121
14 " 201 - 300 " " ".....	3,950
4 " 301 - 400 " " ".....	1,534
9 " 401 - 500 " " ".....	4,400
11 " 501 - 1000 " " ".....	8,275
24 " 1001 - up " " ".....	942,825
<hr/> 309 Stockholders	Total shares..... 976,253

FINANCIAL STATEMENTS

SUPPLEMENTAL FINANCIAL INFORMATION

Toronto Stock Exchange
Toronto, Ontario.

December 21st, 1954

Dear Sir:

With reference to the Listing Statement which was filed with you, we beg to advise that this statement was completed prior to the final arrangements being made with James Richardson & Sons who have now agreed to arrange financing to the extent of \$10,500,000.00.

The proposal is that the Company shortly apply to the Exchange for leave to issue rights on the basis of the existing shareholders being given the right to purchase one share for every five shares held at a price of \$14.50 per share. I have arranged for the rights to be exercised in respect to in excess of 50,000 shares, and James Richardson & Sons have agreed to underwrite a sufficient number of shares to bring the total up to 100,000 shares. This operation will net the Company a minimum of \$1,500,000.00 and if all rights are exercised a maximum of \$2,831,125.00.

When this first operation is completed, James Richardson & Sons have agreed to purchase from the Company \$3,500,000.00 First Mortgage Ten Year Serial 5% Bonds and a minimum of \$4,200,000.00 with a maximum of \$5,500,000.00 (depending on the number of shares sold to make an over-all total financing of \$10,500,000.00) Convertible Sinking Fund Redeemable Notes carrying an interest rate of 5½% for a term of 20 years.

As requested, we are enclosing herewith an unaudited statement of Assets and Liabilities as at September 30, 1954. There has been no material change in the Company's position since that time.

Yours very truly,

ANGLO AMERICAN EXPLORATION LTD.

"S. C. NICKLE", President.

BALANCE SHEET AS OF MAY 31, 1954

ASSETS

CURRENT ASSETS:

Cash.....	\$ 163,104
Accounts receivable	\$1,805,302
Less: Allowance for doubtful accounts.....	89,791
	<hr/>
Refundable deposits	1,715,511
Inventories, on basis of cost which is not in excess of market—	26,349
Crude oil and petroleum products.....	\$1,090,853
Automobile accessories and resale equipment.....	107,918
Drums.....	119,959
Oil well materials and other supplies.....	244,362
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Prepaid expenses	1,563,092
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	47,123
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INVESTMENT IN AND ADVANCES TO SUBSIDIARY COMPANIES, carried on the books as follows (Note 1)—	\$ 3,515,179

93,475 shares of Gridoil Freehold Leases Ltd., purchased in the open market, at cost.....	\$ 395,498
1,215,960 shares of Gridoil Freehold Leases, Ltd., 2,514,893 shares of Canadian Williston Minerals Ltd., and shares of three wholly-owned subsidiaries, at amount assigned.....	1
	<hr/>
	\$ 395,499
Note receivable—Gridoil Freehold Leases Ltd.	1,288,924
Advances.....	60,043
	<hr/>
	1,744,466

OTHER ASSETS:

Deferred accounts receivable	\$ 223,094
Sundry shares, debentures and royalties, at cost	55,636
Incorporation and organization expenses.....	18,728
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PROPERTY, PLANT AND EQUIPMENT, at cost (Note 2)	\$6,999,254
Less: Accumulated provisions for depletion, amortization and depreciation.....	482,255
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	6,516,999
	<hr/>
	\$12,074,102

LIABILITIES

CURRENT LIABILITIES, EXCLUSIVE OF SPECIAL CURRENT DEBT:

Ordinary bank loans, payable on demand, secured*	\$ 3,236,000
Accounts payable	1,062,641
Wages and commissions	126,788
Taxes other than income taxes.....	231,024
Accrued interest	108,038
Due to parent company	13,493
	<hr/>
	\$ 4,777,984

SPECIAL CURRENT DEBT, secured*:

Due to bank on demand for funds borrowed to purchase a business	4,000,000
*Indebtedness to the bank is secured by a debenture with Trust Deed dated August 1, 1953, imposing a lien on all of the Company's assets. (Note 3).	

SUNDRY MORTGAGES PAYABLE.....	88,825
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SHARE CAPITAL AND DEFICIT:

Share Capital—

 Authorized—3,000,000 shares without nominal or par value.

Issued—For cash.....	226,253 shares	\$4,298,807
As part consideration for certain assets acquired (Note 1).....	750,000 shares	1
	<hr/>	
	976,253 shares	\$4,298,808

Capital deficit, per statement attached	\$547,923
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Operating deficit, per statement attached	543,592
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1,091,515

3,207,293

COMMITMENTS (Note 4)

\$12,074,102

AUDITORS' REPORT

To the Directors of
Anglo American Exploration Ltd.

December 13, 1954

We have examined the Balance Sheet of Anglo American Exploration Ltd. as at May 31, 1954, and the Statements of Profit and Loss and Operating Deficit and of Capital Deficit for the periods from incorporation on February 19, 1952, to May 31, 1954, and we have obtained all the information and explanations we have required. Our examinations included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

As explained in Note 1 to the Financial Statements, the principal portion of the Company's investment in subsidiaries is carried at an amount of \$1.00; significant information with respect to such investment is set forth in that note.

In our opinion the accompanying Balance Sheet and Statements of Profit and Loss and Operating Deficit and of Capital Deficit, when read in conjunction with the notes thereto and with the application of the additional information contained in Note 1, are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Company as at May 31, 1954, and the results of its operations for the periods from incorporation on February 19, 1952, to May 31, 1954, according to the best of our information and the explanations given to us and as shown by the books of the Company.

PRICE, WATERHOUSE & CO.,

Chartered Accountants.

STATEMENT OF PROFIT AND LOSS AND OPERATING DEFICIT

	<i>Five Months Ended May 31, 1954</i>	<i>Year Ended December 31, 1953</i>	<i>From incorporation on February 19, 1952 to December 31, 1952</i>
Sales:			
Refined products.....	\$3,573,816	\$7,649,011	\$ —
Accessories and equipment	97,112	239,023	—
Crude oil	66,712	91,664	—
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	\$3,737,640	\$7,979,698	\$ —
Cost of products sold	2,989,867	6,272,095	—
	<hr/>	<hr/>	<hr/>
	\$ 747,773	\$1,707,603	\$ —
Rental income	49,587	87,194	4,800
Commissions earned	43,730	92,926	—
Miscellaneous income	23,504	16,015	5,088
	<hr/>	<hr/>	<hr/>
	\$ 864,594	\$1,903,738	\$ 9,888
Selling expenses:			
Commissions	\$ 165,954	\$ 358,287	\$ —
Other	236,558	432,691	—
Provision for doubtful accounts	—	57,485	—
Legal and audit fees	17,710	49,152	6,495
General and administrative expenses	233,327	388,904	73,225
	<hr/>	<hr/>	<hr/>
	\$ 653,549	\$1,286,519	\$ 79,720
	<hr/>	<hr/>	<hr/>
	\$ 211,045	\$ 617,219	\$ 69,832
Cost of dry holes	\$ —	\$ 225,769	\$138,971
Geological and engineering departmental expenses	36,778	\$ 105,282	74,727
	<hr/>	<hr/>	<hr/>
	\$ 36,778	\$ 331,051	\$213,698
	<hr/>	<hr/>	<hr/>
	\$ 174,267	\$ 286,168	\$283,530
Depletion of producing properties	\$ 8,722	\$ 12,628	\$ —
Amortization of well costs	19,229	39,288	—
Depreciation of producing equipment	17,890	39,803	—
Depreciation of buildings and other equipment	139,526	205,980	10,965
	<hr/>	<hr/>	<hr/>
	\$ 185,367	\$ 297,699	\$ 10,965
	<hr/>	<hr/>	<hr/>
	\$ 11,100	\$ 11,531	\$294,495
Net interest expense (or income)	124,774	150,966	49,274
	<hr/>	<hr/>	<hr/>
NET LOSS FOR PERIOD	\$ 135,874	\$ 162,497	\$245,221
Operating deficit at beginning of period	407,718	245,221	—
	<hr/>	<hr/>	<hr/>
OPERATING DEFICIT AT END OF PERIOD	\$ 543,592	\$ 407,718	\$245,221
	<hr/>	<hr/>	<hr/>

Refining and marketing operations commenced on May 1, 1953, with the purchase of substantially all the assets of Gas & Oil Products Ltd. and its associated companies.

STATEMENT OF CAPITAL DEFICIT

Deficit recorded relative to acquisition of assets from Anglo American Oils Ltd. in February, 1952 (*Note 1*):

Consideration for acquisition—

750,000 shares of capital.....	\$ 1
Liabilities discharged.....	<u>569,655</u>
	<u>\$569,656</u>
Value assigned to assets acquired—	
Shares of subsidiary companies.....	\$ 1
Mineral interests to be exchanged for additional shares of a subsidiary company.....	1
Other assets.....	2,746
	2,748
	<u>\$566,908</u>
BALANCE, DECEMBER 31, 1952.....	<u>\$566,908</u>

Cost of additional leases and mineral interests, assumed under 1952 purchase agreement with Anglo American Oils Ltd., relative to acquisition of shares of subsidiary companies which are recorded at \$1.00.....

26,356

\$593,264

Deduct:

Adjustment of values assigned to certain assets acquired from Anglo American Oils Ltd. in 1952.....	\$ 40,061
Recovery of advances to a wholly-owned subsidiary company, taken over from Anglo American Oils Ltd. in 1952 at no assigned value.....	5,280
	<u>45,341</u>
BALANCE, DECEMBER 31, 1953, AND MAY 31, 1954.....	<u>\$547,923</u>

NOTES TO FINANCIAL STATEMENTS AS AT MAY 31, 1954

1.—INVESTMENT IN SUBSIDIARY COMPANIES:

At the time of its incorporation in February, 1952, Anglo American Exploration Ltd. acquired the assets of Anglo American Oils Ltd. in consideration for the issue of 750,000 shares of its capital stock and the discharge of the vendor company's general liabilities aggregating \$569,655. The principal assets thereby obtained consisted of shares of Gridoil Freehold Leases Ltd. and Canadian Williston Minerals Ltd., and three wholly-owned subsidiary companies together with mineral interests to be exchanged for additional Williston shares. The underlying assets of these subsidiary companies represented undeveloped petroleum and natural gas and other mineral interests the potential value of which was not then and is not now determinable. The management therefore assigned a value of \$1.00 only to the shares acquired and to the mineral interests to be exchanged for additional shares, a value of \$1.00 also being assigned to the 750,000 shares issued in part consideration therefor. The difference of \$566,908 between the respective values assigned to the consideration and to the assets acquired was charged to capital deficit. The amount expended by Anglo American Oils Ltd. in respect of the acquisition of the Gridoil and Williston shares and of the mineral interests to be exchanged for additional Williston shares, together with the cost of additional mineral interests purchased by Anglo American Exploration Ltd., in order to complete the exchange, was approximately \$1,965,000 in cash; the cost to Anglo American Oils Ltd. of the shares of the three wholly-owned subsidiaries was \$408,000, of which \$8,000 was in cash and the balance was in shares and debentures of that company.

Anglo American Exploration Ltd. owns 1,309,435 shares of Gridoil Freehold Leases Ltd., representing 61.64% of the outstanding shares and 2,514,893 shares of Canadian Williston Minerals Ltd., representing 63.43% of the outstanding shares. Some indication of the value of the underlying properties of these companies can be gained by reference to the quoted market prices of their shares. The shares of both companies are listed on the American Stock Exchange and the Toronto Stock Exchange. The summary which follows shows the range of these shares on the Toronto Stock Exchange for the periods indicated. Having regard to the large blocks of shares held, the figures produced by multiplying the number of shares by their quoted market price is not represented to be either their aggregate quoted market value or their realizable value; however, the management of Anglo American Exploration Ltd. has no intention of disposing of these shares.

Period	Gridoil Freehold Leases Ltd.	Canadian Williston Minerals Ltd.		
The month of: May, 1954.....	High \$6.90	Low \$6.50	High \$3.55	Low \$2.83
June, 1954.....	6.85	6.05	3.00	2.50
The day of May 31, 1954.....	6.85	6.80	2.95	2.90

2.—PROPERTY, PLANT AND EQUIPMENT:

The following is a summary by principal classes of the Company's property, plant and equipment and the relative accumulated provisions for depletion, amortization and depreciation at May 31, 1954:

	<i>Assets</i>	<i>Accumulated provisions</i>
Interests in petroleum and natural gas rights.....	\$ 519,817	\$ 21,350
Lands.....	632,535	—
Head office buildings and equipment.....	452,943	14,110
Well costs.....	908,952	58,517
Producing equipment.....	370,190	63,077
Refining buildings and equipment.....	1,053,346	87,656
Marketing buildings and equipment.....	3,061,471	237,545
	<hr/> <u>\$6,999,254</u>	<hr/> <u>\$482,255</u>

The above summary includes lease costs of \$30,000 and well costs of \$483,744 in respect of oil wells which are not presently producing. In the opinion of company management these properties cannot be evaluated conclusively until further expenditures are made in an endeavour to overcome the difficulties that are being encountered in the operation of these wells.

3.—INDEBTEDNESS TO BANK:

In accordance with general Canadian banking practice, the ordinary and special bank loans of the Company are payable on demand. The ordinary loans bear interest at 5% and the special loan bears interest at 5½% per annum.

The bank has been given as security a debenture with trust deed creating a first specific charge on all present and future real and chattel assets of the Company and a first floating charge on all of the other present and future assets of the Company.

4.—COMMITMENTS:

It is estimated that reconstruction of the head office building will cost \$1,000,000, of which \$215,000 has been expended to November 30, 1954. Arrangements for the financing of the balance of these expenditures have not been made.

BALANCE SHEET AS AT SEPTEMBER 30, 1954
As Prepared by the Company's Comptroller

ASSETS

CURRENT ASSETS:

Cash on Hand and in Transit.....	\$ 99,498.17
Cash in Chartered Banks and Treasury Branch.....	195,644.38
Accounts Receivable, Current.....	\$2,045,147.94
Less: Allowance for doubtful accounts.....	90,564.48
	1,954,583.46
Refundable Deposits.....	23,886.50
Advances to Employees for Travelling Expenses.....	9,979.92
Inventories.....	1,409,803.50
Prepaid Expenses.....	45,576.44
Sundry Other Assets.....	78.63
	\$ 3,739,051.00

INVESTMENTS IN AND ADVANCES TO SUBSIDIARY COMPANIES	1,727,312.41
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OTHER ASSETS:

Deferred Accounts Receivable—Mortgages and Contracts.....	\$ 288,418.93
Sundry Shares, Debentures and Royalties.....	59,230.42
Incorporation Expenses.....	18,727.96
	366,377.31

PROPERTY, PLANT AND EQUIPMENT:

	<i>Cost</i>	<i>Less Reserves</i>	<i>Net</i>
Marketing Division—Fixed Assets.....	\$3,776,043.53	\$321,549.38	\$3,545,494.15
Refining Division—Fixed Assets.....	1,076,744.92	116,205.79	960,539.13
Producing Division—Fixed Assets.....	6,893.67	1,512.76	5,380.91
Exploration Division—Fixed Assets.....	1,800,674.25	181,933.87	1,618,740.38
Head Office Division—Fixed Assets.....	691,141.43	19,650.33	671,491.10
	<hr/> \$7,351,497.80	<hr/> \$640,852.13	<hr/> \$6,710,645.67
Construction in Progress, unvouchedered.....	65,000.00	—	65,000.00
	<hr/> \$7,416,497.80	<hr/> \$640,852.13	<hr/> \$6,775,645.67
			6,775,645.67
			<hr/> \$12,608,386.39

LIABILITIES

CURRENT LIABILITIES:

Bank of Nova Scotia—Section 88 Loan.....	\$1,511,000.00
Bank of Nova Scotia—Exploration Loan.....	2,029,400.00
	<hr/> \$3,540,400.00
Cheques Issued—not presented.....	\$ 186,845.56
Accounts Payable, Trade.....	986,963.25
Wages and Commissions.....	112,575.54
Taxes other than Income Tax.....	252,954.66
Accrued Interest.....	142,901.81
Inter-Company Accounts.....	13,180.93
Sundry Other Liabilities.....	6,769.41
	<hr/> \$ 5,242,591.16
Construction in Progress, unvouchedered.....	65,000.00

DEFERRED LIABILITIES:

Sundry Deferred Liabilities.....	\$ 7,975.20
Mortgages Payable.....	87,276.90
Special Bank Loan.....	4,000,000.00
	<hr/> 4,095,252.10
TOTAL LIABILITIES.....	\$ 9,402,843.26

SHARE CAPITAL AND DEFICITS:

Authorized—3,000,000 shares without nominal or par value, whereof issued 976,253 shares for.....	\$4,298,808.00
Capital Deficit.....	\$547,922.91
Operating Deficit, December 31, 1953.....	\$407,717.62
Loss for period January-September, 1954.....	137,624.34
	<hr/> 545,341.96
	1,093,264.87
	<hr/> 3,205,543.13
	<hr/> \$12,608,386.39

